

VITAL METALS' SEPTEMBER 2021 QUARTERLY REPORT

HIGHLIGHTS

- Vital enters agreement to acquire Quebec Precious Metals Corporation's 68% interest in Kipawa and 100% of Zeus heavy rare earth projects in Quebec, Canada, for C\$8 million staged over 4 years
- Acquisition has potential to transform Vital into the only producer of both light and heavy rare earths in North America
- Construction is underway on Vital's rare earth extraction plant in Saskatoon, Saskatchewan, Canada which will process ore from Vital's Nechalacho mine with first feed into the plant in December 2021; first product by June 2022.
- Offtake partner REEtec increases offtake of Vital's REO by 50% after amending existing agreement – increase equates to 75% of Vital's expanded Saskatoon plant capacity
- Vital executes MOU with Ucore Rare Metals (TSX-V: UCU, OTCQX: UURAF) for Vital to supply a minimum of 500t REO (ex-cerium) per year for Ucore's ALASKA2023 project
- Vital continues ramping up Nechalacho rare earths production following ore sorter commissioning
- Vital intersects high-grade REO in Tardiff Zones 2 & 3 including outside existing Nechalacho resource
- Mining intersects high-grade REO mineralisation in Nechalacho North T pit wall.

Vital Metals Limited (ASX: VML) ("**Vital Metals**" or "**the Company**") is pleased to report on its activities during the September 2021 quarter, including at its 100%-owned Nechalacho Rare Earth Project in Yellowknife, Northwest Territories, Canada, where it continued to ramp up rare earths production and commenced construction on its rare earth extraction facility in Saskatoon, Saskatchewan, Canada.

Vital Metals Managing Director Geoff Atkins said: "*Vital Metals continues to grow in stature as Canada's first rare earths producer.*"

"With mining and production performing well at Nechalacho, we have construction of our rare earths extraction facility in Saskatoon, Saskatchewan underway, which we have oversized to enable expanded production capacity in Stage 2 operations. We expect first feed into this before the end of CY2021."

"Our plant is being built adjacent to Saskatchewan Research Council's rare earth processing facility, and we are excited to see Saskatoon's rare earths hub take shape and demonstrate the capacity of Canada to be an increasingly important contributor to the rare earths supply chain."



“In addition, during the quarter we announced plans to acquire the Kipawa and Zeus heavy rare earths projects in Quebec, Canada. These projects have the potential to complement our light rare earths operations at Nechalacho and transform Vital into the only North American producer of both light and heavy rare earths.

“In recent weeks, we announced some important developments in terms of our offtake, with partner REEtec increasing its offtake of our product by 50%, equating to 75% of the expanded capacity at Saskatoon. We also executed an MOU with Ucore Rare Metals, providing us with an important and exciting entrance into the North American downstream rare earth supply chain. Ucore is the most advanced new rare earth separation company coming into the North American market, and on the back of our amended agreement with REEtec, positions Vital as a critical supplier of rare earth feedstock in two major markets, Europe and North America.

“This timing bodes well for Vital as rare earth demand and prices continue to increase.”

NECHALACHO RARE EARTHS PROJECT, CANADA (JORC RESOURCE: 94.7MT @ 1.46% REO)

Mining intersects high-grade REO mineralisation outside North T resource

During July, mining at Nechalacho’s North T pit intersected high-grade REO mineralisation in the northern edge of the pit wall which was not included in North T’s existing high-grade Mineral Resource of 101,000 tonnes at 9.01% LREO (comprised of a Measured Resource of 68,000 tonnes at 9.60% LREO and an Indicated Resource of 33,000 tonnes at 7.80% LREO)¹. This new material provides potential for Vital to expand, in the future, the North T pit beyond the current mine plan.

Ore sorter performance exceeds expectations

Vital commenced processing ore from North T through the Nechalacho ore sorter during July as part of commissioning and training operations. Using only material from the low-grade stockpile (~2-5% TREO), the ore sorter produced a high-grade beneficiated product from a single pass. With a target concentrate specification of above 35% TREO, a visual inspection of final product and the ratio of rare earth minerals (red bastnaesite) to waste (white quartz) indicating that the ore sorter performed as expected. Vital processed the low-grade ore as part of parameter dial in and calibration of the ore sorter. The immediate production of high-grade product, from this material, exceeded expectations.

¹ ASX Announcement 15 April 2020: Substantial Increase in Resource Size and Grade at North-T Zone Nechalacho



Figure 1 - Bags of rare earth concentrate produced at Nechalacho awaiting shipment

High-grade REO intersected in Tardiff Zone drilling

The Nechalacho rare earth project consists of two distinct deposits which Vital will develop over two stages. The North T deposit hosts a high-grade resource of 101,000 tonnes at 9.01% LREO² in the measured and indicated JORC 2012 categories, making it one of the highest grade rare earth deposits in the world. Development of this deposit is currently underway under Stage 1.

The second deposit, the Upper Zone where the Tardiff Zones are located, boasts an impressive light rare earth oxides (LREO) resource of 94.7 million tonnes at 1.46% TREO³ in the measured, indicated and inferred JORC 2012 categories and will be the focus of expanded operations in Stage 2.

Vital reported outstanding first-pass assay results from the Tardiff Zones 2 and 3 as part of drilling to define a mine plan for its Stage 2 operations at Nechalacho. The results have added potential to extend the mine life of the Nechalacho project significantly, with further drilling needed to better define the Tardiff zones, which remain open in all directions.

Vital's drilling program targeted three high-grade REO zones previously identified in wide-spaced historic drilling by Avalon Materials Inc and its predecessors. These zones are known as Tardiff Zones 1, 2 and 3.

Tardiff Zones 1 and 3 were drilled on a close spacing (25m x 25m) to enable their resource confidence levels to be upgraded so mining and processing studies can be carried out on these zones. The drilling at Tardiff Zone 2 was designed to get a better understanding of high-grade REO

² ASX Announcement 15 April 2020: Substantial Increase in Resource Size and Grade at North-T Zone Nechalacho

³ ASX Announcement 13 December 2019: Vital Announces JORC 2012 Compliant Resources for the Nechalacho Rare Earth Deposit

mineralisation that is not currently in the resource estimation released in 2019. All drill holes were drilled to a maximum depth of 72m vertical.

Tardiff Zone 2

Vital drilled five drill holes at Tardiff Zone 2 to investigate high-grade REO mineralisation identified by drill holes drilled in the 1980s with minor follow-up by Avalon in 2013. The 1980s drilling returned high-grade assays but Vital's experience of REO assaying at Nechalacho in the 1980s found it was not accurate for resource estimation. REO assaying of the 1980s drill holes was sporadic and much of the core had not been assayed for TREO where high zirconium grades indicate high-grade REO would have been in the core. Vital decided to position five holes to get an understanding of the thickness and grade of the REO mineralisation in the Tardiff Zone 2 area.

All five holes drilled at Tardiff Zone 2 successfully intersected the REO mineralisation and demonstrated similar grades and intercept lengths to nearby historic drill holes. Pleasingly, holes L21- 569 and L21-570 on the western side shows the high-grade REO mineralisation is open to the west and appears to be getting thicker and higher grade to the west. The 2021 drilling has shown there is potential for a significant high grade REO resource in the Tardiff Zone 2 area and further drilling is required to delineate the size and grade of this zone of mineralisation.

Table 1 - Tardiff Zone 2 drill results ⁴

Hole Name	From (m)	To (m)	Interval (m)	TREO Grade (%)
L21-567	3	25.6	22.6	1.54
L21-567	37	50	13	1.53
L21-568	3.8	9	5.2	2.36
L21-568	16.6	19.4	2.8	3.92
L21-569	8	11.5	3.5	1.88
L21-569	24.9	50	25.1	3.03
L21-570	12	31	19	2.05
L21-571	11	15	4	1.12

Tardiff Zone 3

Tardiff Zone 3 was drilled on a close spacing (25m x 25m) to enable resource confidence levels to be upgraded to allow mining and processing studies.

Historical drill holes from drilling programs by Avalon Materials Inc between 2007 and 2013 targeted the heavy rare earth rich Basal Zone (below the Vital Metals owned Upper Zone). The targeting of the Basal Zone resulted in very poor definition of the Upper Zone, as many of the holes were drilled as fans from a single drill pad. One of these fans of five holes delineated a high-grade zone of REO mineralisation near the surface. As the fan of five holes were drilled from one drill pad, the high-grade mineralisation was only defined over a small area of 25m by 30m and it was unknown if the high grades extended beyond this small area.

⁴ ASX Announcement 3 August 2021: *Vital Intersects High-Grade REO in Tardiff Zones 2 and 3*

Vital completed five holes to the north, south and west of the historic fan of holes aiming to increase the size of the high-grade zone and understand the extent and orientation of the high-grade zone.

All five drill holes at Tardiff Zone 3 all successfully intersected the higher grade REO mineralisation, with the high-grade mineralisation open in all directions. It appears the high-grade zone strike is in an east-west direction and dips to the south.

Table 2 - Tardiff Zone 3 drill results ⁵

Hole Name	From (m)	To (m)	Interval (m)	TREO Grade (%)
L21-572	22.75	33	10.25	1.83
L21-572	37	50	13	2.31
L21-573	14.5	51.2	36.7	1.96
L21-573	57.6	62	4.4	2.20
L21-574	11	62	51	2.13
L21-575	3.8	29.8	26	1.68
L21-576	5.3	17	11.7	1.87
L21-576	21	30.3	9.3	1.71

Vital will plan further drilling to better understand the potential of this zone of high-grade mineralisation.

Results for the Tardiff Zone 2 and 3 drilling, along with earlier results from Tardiff Zone 1, demonstrate that broad high-grade zones of significant tonnages are present within the larger Upper Zone, with the previous drilling programs undertaken by Avalon being too wide to delineate these zones and their extent.

In addition, the drilling program undertaken at Tardiff Zone 2 indicates the potential for a significant high-grade resource which is not currently contained within the Mineral Resource estimate.

Following the positive nature of these results, coupled with the results achieved from the scouting metallurgical testwork program, Vital will proceed to define a mining and processing operation at Tardiff, which will commence utilising Tardiff Zone 1 ore before expanding into Zones 2 and 3.

As part of this program, Vital will undertake further drilling for all three of the Tardiff Zones. The goals of this program will be to delineate the boundaries of the three Tardiff high-grade zones in addition to identifying the relationships between the zones, including whether they are in fact connected. With several holes ending in high grade mineralisation, the future drill program will test the full depth of the high grade zones. Vital expects this drilling to commence during the northern winter.

Saskatoon rare earth extraction plant

On 5 October 2021, Vital provided an update on development of its rare earth extraction facility in Saskatoon, Saskatchewan, Canada, where it expects first feed into the plant by the end of CY2021.

⁵ ASX Announcement 3 August 2021: *Vital Intersects High-Grade REO in Tardiff Zones 2 and 3*

Commissioning of the plant is expected to occur incrementally over the first half of CY2022 and first product out is scheduled to occur end of H1 CY22.



Figures 2 & 3 - Construction is underway on Vital's rare earth extraction facility in Saskatoon, which will incorporate a Dense Media Separator (right) in the extraction process

As detailed in the flowsheet (see Figure 4 below), Vital has procured equipment based on a start-up production capacity of 1,000t/yr excluding cerium (equivalent to 470t/yr of NdPr) with Stage 2 expansion capacity of 2,000t/yr excluding cerium (940t/yr NdPr). This represents a plant throughput 50% larger than initially planned, with the expanded capacity providing Vital with the opportunity to further double its production capacity.

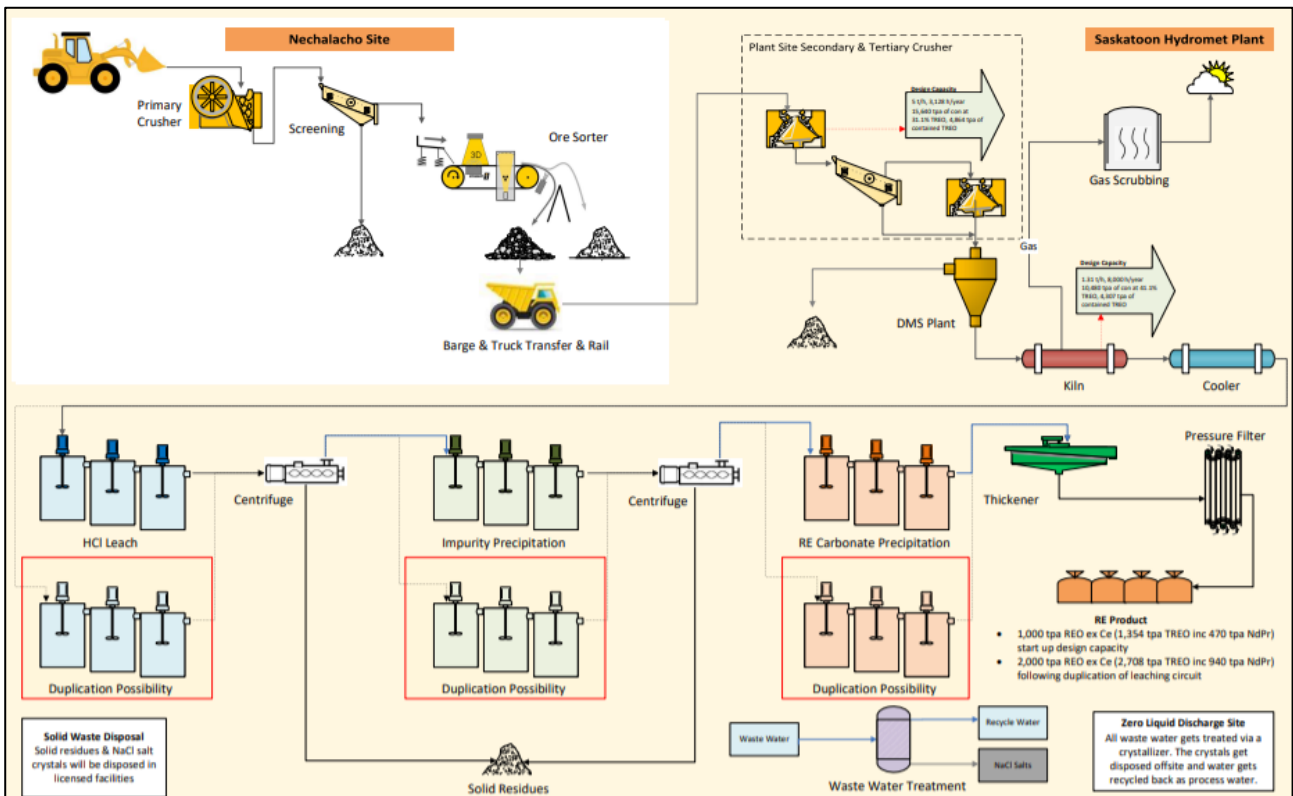


Figure 4 - Flowsheet for operations at Vital's rare earth extraction facility in Saskatoon

Through its equipment specification and procurement, Vital has considered which equipment is necessary for initial plant production and requirements for an expanded plant throughput in Stage



2. Of equipment procured, Vital has oversized some items to satisfy the requirements for expanded operations.

Vital sized leaching tanks for initial throughput requirements only and therefore these will be the only plant equipment which will require duplication to achieve expanded operations. This selectivity in oversizing equipment is based on Vital's team's experience in previously commissioning similar plants and will help ensure commissioning and ramp up occurs as smoothly as possible.

In addition to the processing equipment, construction works within the strategically located site in Saskatoon have commenced with piling and foundation works completed and electrical services installed. Fabrication of the building are well advanced with its delivery to site scheduled to occur in October for erection. As detailed in its ASX announcement on 21 May 2021, Vital's 10-year lease includes the provision of a new custom-built facility including services.

To support project management and general engineering of the processing facility construction, Vital has executed a consultancy services agreement with the Toronto-based Halyard Incorporated. Halyard previously successfully completed the engineering, fabrication and installation of Vital's ore sorter at Nechalacho. They will complete the design and procurement of the civil, mechanical, electrical and control elements of the Project, effectively connecting the key equipment together to support an efficient overall operation.

Vital has engaged an experienced "Principal's Representative" to oversee the Project's delivery and work with Halyard in project managing the delivery of the works.

In addition, Vital has signed an agreement with the Saskatchewan Research Council (SRC) to provide technical support with the construction and operation of the plant and ensure ongoing collaboration between Vital and SRC as it develops the SRC Rare Earth Processing Facility nearby. This agreement will help SRC and Vital to maximise potential synergies between the two operations.

WIGU HILL PROJECT, TANZANIA

During the September quarter the Company has continued discussions with the Tanzanian Government regarding the issuance of a Mining Licence for the Wigu Hill rare earth project. The Company is working towards a meeting with Government in Tanzania however, this is currently impacted by COVID-19 travel restrictions.

NAHOURI GOLD PROJECT, BURKINA FASO

Vital Metals has suspended all exploration activity in Burkina Faso.

AUE COBALT PROJECT, GERMANY

There were no exploration activities on the Aue project in the September quarter.

VITAL TO ACQUIRE HEAVY RARE EARTHS PROJECTS

During the quarter, Vital announced it had signed a binding term sheet with Quebec Precious Metals Corporation (TSX.V: QPM, OTCQB: CJCF, FSE: YXEP) (“QPM”) for VML’s acquisition of QPM’s 68% interest in the Kipawa exploration project and 100% interest in the Zeus exploration project (the “Projects”) for C\$8m, payable over 4 years. Joint Venture partner Investissement Québec (“IQ”) holds the remaining 32% of the Kipawa project on a contributing basis.



Figure 4 - Location of Kipawa rare earth project, Quebec, Canada

Kipawa is a heavy rare earths project, located 50km from Temiscaming in Quebec, with a Mineral Resource Estimate of 15.5Mt of eudialyte at 0.434% TREO and 0.873 ZrO₂⁶, 6.3Mt of mosandrite at 0.391% TREO and 1.018% ZrO₂,⁷ 5.1Mt of britholite at 0.286% TREO and 0.944% ZrO₂,⁸ and with a Proven and Probable Reserve Estimate of 19.8Mt at 0.411% TREO⁹.

Investors should note that the terms “Mineral Resource”, “Mineral Reserve” and, “Proven and Probable Reserve” are as defined by the Canadian Institute of Mining, Metallurgy and Petroleum (“CIM”) as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM council. These estimates are foreign estimates and are not reported in accordance with the Joint Ore Reserves Committee’s Australasian Code for Reporting of Mineral Resources and Ore Reserves (the “JORC Code”). A competent person has not done sufficient work to classify these estimates as a mineral resource or ore reserve in accordance with the JORC Code and it is uncertain

⁶ Includes a Measured Resource of 6.0Mt @ TREO 0.529%, and 0.959 ZrO₂, Indicated Resource of 7.8Mt @ TREO 0.387% and 0.842 ZrO₂, and Inferred Resource of 1.7Mt @ TREO 0.312 and 0.710 ZrO₂.

⁷ Includes a Measured Resource of 3.1Mt @ TREO 0.396%, and 1.019 ZrO₂, Indicated Resource of 2.8Mt @ TREO 0.379% and 1.029 ZrO₂, and Inferred Resource of 0.4Mt @ TREO 0.431% and 0.940 ZrO₂.

⁸ Includes a Measured Resource of 1.3Mt @ TREO 0.309%, and 0.940 ZrO₂, Indicated Resource of 2.7Mt @ TREO 0.284% and 0.957 ZrO₂, and Inferred Resource of 1.1Mt @ TREO 0.264% and 0.915 ZrO₂.

⁹ Includes a Proven Reserve of 10.2Mt @ 0.440% and Probable Reserve of 9.6Mt @ 0.379%



that following further exploration or evaluation work that the foreign estimates will be able to be reported as a mineral resource or ore reserve in accordance with the JORC Code.

The Projects total 73 claims over 43km² and lie in the Grenville geological province, approximately 55km south of the geological contact with the Superior geological province. The lithologies consist mainly of gneiss with a grade of metamorphism ranging from the greenschist facies to the amphibolite-granulite facies.

The Kipawa deposit is defined by three enriched horizons within the “Syenite Complex”, which contains some light rare earth oxides but primarily heavy rare earth oxides. Drilling since 2011 totals 293 drill holes (24,571m) and was used to prepare a feasibility study which was completed by Matamec Explorations Inc. in 2013.

Twelve heavy rare earth showings have been identified on the Zeus project, some of which contain niobium and tantalum.

REETEC INCREASES REO OFFTAKE BY 50%

Post quarter end in October 2021, Vital announced it had amended its offtake agreement with Norway-based REEtec AS (“REEtec”), increasing the volume of product sold to REEtec by 50%.

Under the amended agreement, Vital will sell to REEtec rare earth carbonate product containing a minimum of 750t Neodymium/Praseodymium (NdPr), contained within 2,000t/year total rare earth oxides (TREO) with a maximum of 25% Cerium. This represents a total of 75% of Vital’s expanded operation at its Saskatoon rare earths extraction plant (refer to ASX announcement dated 5 October 2021), and represents a 50% increase in the product to be supplied under the existing Definitive Offtake Agreement (refer to ASX announcement dated 2 February 2021).

The amended agreement extends Vital’s product sales to REEtec to 2028 and provides the option to further expand operations during an additional 10-year long-term supply agreement to provide up to 2,500t NdPr per annum contained within ~6,800 tonnes TREO (containing a maximum 25% cerium).

All other terms of the Definitive Offtake Agreement remain as set out in the Company’s 21 December 2020 announcement.

MOU WITH UCORE RARE METALS

Also in October, Vital announced it had signed a non-binding Memorandum of Understanding (“MOU”) with rare earth processing technology developer Ucore Rare Metals Inc. (TSX-V: UCU, OTCQX: UURAF, “Ucore”) for the supply of rare earth carbonate.

Ucore is focused on developing rare earth processing technologies through its ALASKA2023 project, with the goal of fostering an independent American REE supply chain and it aims to secure a US-allied REE feedstock source.



Its ALASKA2023 project focuses on developing a Strategic Metals Complex (SMC) heavy rare earth element (HREE) and light rare earth element (LREE) separation plant in Southeast Alaska, using Innovation Metal Corp.'s (IMC) proprietary RapidSX™ critical metals separation technology platform. Ucore announced the execution of a Memorandum of Agreement (MOA) with Alaska's Southeast Conference to fund the Alaska Strategic Metals Complex ("Alaska SMC") earlier this month.

Ucore's Alaska SMC plant will have an initial 2,000t/year TREO separation and purification capacity with a scheduled commencement date in H1 2024. The Ucore Alaska SMC plant is expected to have an expanded capacity to at least 5,000t/year TREO by 2026.

Terms of the MOU

The main terms of the non-binding MOU are as follows:

- Vital will sell to Ucore a minimum of 500t REO (ex-cerium)/year by H1 2024.
- Vital will expand its operations to supply to Ucore a minimum of 50% of Ucore's proposed 5,000t TREO/yr RE separation plant by 2026.
- Customer acceptance protocols will include the supply of a sample (1-2kg) this quarter with a 1t sample supplied in H2 2022.
- The MOU is subject to completion of due diligence by each party.
- The parties will negotiate one or more formal agreements ("Definitive Agreements") which will include such covenants, conditions, indemnities, representations and warranties as are customary for this type of transaction.
- The rights and obligations of the parties under the MOU expire upon the execution of Definitive Agreements. Either party may terminate the MOU after seven months from the date of execution.

CORPORATE

Increased US investor focus

In August, Vital announced it had entered into an agreement for the provision of capital markets consulting and advisory services with Ecoban Securities Corporation ("Tectonic"). Tectonic will serve as the Company's North American investor relations and capital markets consultant and advisor.

Tectonic played a key role in the introduction of strategic investors to Vital as part of its \$43M capital raise earlier this year (refer ASX announcement 19 March 2021) and with the strategic importance of North American rare earth production, the introduction of dedicated US market support will be of increasing importance to the future growth of Vital Metals.

Commissioning ceremony

Vital and its 100% owned subsidiary Cheetah Resources held a ceremony during July 2021 which included representatives from the Yellowknives Dene First Nation (YKDFN) and local media outlets to witness rare earth production at Nechalacho. Vital's operation at Nechalacho is the first time an indigenous business is extracting mineral resources from its own territory in Canada, with Det'on Nahanni Construction Ltd, a YKDFN-owned business, completing contract mining at the site.



2021 Annual General Meeting

Vital's 2021 Annual General Meeting (AGM) will be held on Thursday 25 November 2021 at 2.30pm AEDT. Shareholders and proxyholders may participate in the AGM via a live webcast of the meeting through the AGM online platform, including the ability to ask questions and vote online during the AGM.

The 2021 Notice of Meeting, Annual Report and other meeting documents are available online at www.vitalmetals.com.au.

Cash position

As of 30 September 2021, the Company held approximately \$28.6 million in cash and cash equivalents.

During the quarter, the Company made payments of \$91,833 to related parties and their associates. These payments relate to existing remuneration agreements for the Managing Director, Executive and Non-Executive Directors.

During the quarter, Vital spent \$128,382 on exploration and evaluation expenditure and \$3,887,826 on mine under development. Details of activities carried out during the quarter are set out in this report.

TENEMENT SCHEDULE

Location	Tenement	Status	Interest at beginning of quarter	Interest acquired or disposed	Interest at end of quarter
Canada	Nechalacho	100%*	100%	0%	100%
Burkina Faso	Nahouri	100%	100%	0%	100%
	Kampala	100%	100%	0%	100%
	Zeko	100%	100%	0%	100%
Germany	Aue	100%	100%	0%	100%
Tanzania	Wigu Hill	0%**	0%	0%	0%

* Vital owns 100% of the mineral rights of the Nechalacho Project above the 150 m elevation level.

** Vital has entered into an agreement to acquire this licence. The Company is awaiting the issuance of the licence by the Tanzanian Government.

- ENDS-

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This announcement has been authorised for release by the Board of Vital Metals.



ABOUT VITAL

Vital Metals Limited (ASX: VML) is Canada's first rare earths producer following commencement of production at its Nechalacho rare earths project in Canada in June 2021. It holds a portfolio of rare earths, technology metals and gold projects located in Canada, Africa and Germany.

Nechalacho Rare Earth Project - Canada

The Nechalacho project is a high grade, light rare earth (bastnaesite) project located at Nechalacho in the Northwest Territories of Canada and has potential for a start-up operation exploiting high-grade, easily accessible near surface mineralisation. The Nechalacho Rare Earth Project hosts within the Upper Zone, a measured, indicated and inferred JORC Resource of **94MT at 1.46% TREO**.

Compliance Statements

This announcement contains information relating to Mineral Resource Estimates in respect of the Nechalacho Project extracted from ASX market announcements reported previously and published on the ASX platform on 13 December 2019 and 15 April 2020. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the original market announcements continue to apply and have not materially changed.

Investors should note that the Mineral Resource and Reserves estimates for the Kipawa Project are foreign estimates and are not reported in accordance with the JORC Code. A competent person has not done sufficient work to classify these foreign estimates as a mineral resource in accordance with the JORC Code and it is uncertain that following further exploration or evaluation work that these foreign estimates will be able to be reported as a mineral resource in accordance with the JORC Code. The Company has previously disclosed the foreign estimates in compliance with ASX Listing Rule 5.12 in the announcement dated 11 August 2021 titled "Vital Metals Ltd Enters Agreement to Acquire Heavy Rare Earth Projects" ("Announcement"). The Company is not in possession of any new information or data relating to the foreign estimates that materially impacts on the reliability of the estimates or the Company's ability to verify the foreign estimates in accordance with Appendix 5A (JORC Code). The Company confirms that the supporting information provided in the Announcement continues to apply and has not materially changed.

This announcement contains information relating to results extracted from ASX market announcements reported previously and published on the ASX platform on 26 May 2021, 23 June 2021 and 3 August 2021. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements.

Forward Looking Statements

This release includes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward-looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production output.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of resources or reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the company's business and operations in the future. The company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the company or management or beyond the company's control.

Although the company attempts to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be anticipated, estimated or intended, and many events are beyond the reasonable control of the company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements.

Forward looking statements in this release are given as at the date of issue only. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

VITAL METALS LIMITED

ABN

32 112 032 596

Quarter ended ("current quarter")

30 SEPTEMBER 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(29)	(29)
(b) development	-	-
(c) production	-	-
(d) staff costs	(248)	(248)
(e) administration and corporate costs	(408)	(408)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(680)	(680)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	(163)	(163)
(c) property, plant and equipment	(1,488)	(1,488)
(d) exploration & evaluation, mine properties	(4,017)	(4,017)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(5,668)	(5,668)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	138	138
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (repayment of lease liabilities)	(63)	(63)
3.10	Net cash from / (used in) financing activities	75	75

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	34,907	34,907
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(680)	(680)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5,668)	(5,668)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	75	75

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	14	14
4.6	Cash and cash equivalents at end of period	28,648	28,648

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	27,698	33,970
5.2	Call deposits	950	937
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	28,648	34,907

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	92
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(680)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(4,017)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(4,697)
8.4 Cash and cash equivalents at quarter end (item 4.6)	28,648
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	28,648
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	6.1
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 October 2021

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.